

Division(s): N/A

**PERFORMANCE SCRUTINY COMMITTEE  
16 DECEMBER 2013**

**Service & Resource Planning  
2014/15 to 2017/18**

**Report by the County Council Management Team**

**Introduction**

1. This report sets out the directorate business strategies for 2014/15 – 2017/18 and draft budget proposals to address shortfalls in funding and other emerging pressures over the medium term. The context for these proposals is provided in the Service & Resource Planning reports to Cabinet in September and December 2013.
2. The provisional local government finance settlement is not expected to be announced until on or around 19 December 2013 and final figures for the council tax base, forecast business rates and surpluses/deficits relating to both are not expected until January 2014. The budget proposals outlined are therefore subject to change in the light of further information.
3. This report does not include any proposals relating to the capital programme as these are dependent on the capital settlement. Updated property asset management and transport asset management plans will be considered by this Committee on 9 January 2014, together with proposed use of any unallocated capital resources.
4. The following annexes are attached to this report:

Annex 1: Directorate business strategies 2014/15 – 2017/18

- A. Adult Social Care
- B. Environment & Economy
- C. Children, Education & Families
- D. Chief Executive's Office
- E. OFRS and Community Safety
- F. Public Health

Annex 2: New revenue budget pressures and savings 2014/15 – 2017/18

Annex 3: Service & Community Impact Assessments (SCIAs) overarching assessment (SCIAs for individual proposals are available on the Council's website

<http://www.oxfordshire.gov.uk/cms/content/service-and-community-impact-assessments-scias> )

Annex 4: Summary of results from Talking Oxfordshire

Annex 5: Summary of councillors' comments from the briefings on the budget proposals

## **Service & Resource Planning Context**

5. The existing 2013/14 – 2016/17 Medium Term Financial Plan (MTFP) agreed by Council in February 2013 includes an additional £39m of on-going funding for demographic and other expenditure pressures over the period 2014/15 – 2016/17, offset by £31m of on-going savings over the same period. The Plan provides for 1% pay inflation, 3% contract inflation and zero for non-pay inflation in 2014/15, with increased provision for pay and non-pay inflation in later years.
6. In the existing MTFP general funding (excluding council tax) is estimated to reduce by 19% (£30m) by 2016/17 from the current level. The Plan also includes council tax increases of 2.5% in 2014/15 and 3.75% in each of the following two years.
7. In June 2013 the Government published the Spending Round, setting out headline figures for 2015/16 departmental spending limits. This also included the announcement of council tax increase referendum limits of 2% for each of 2014/15 and 2015/16. This was followed by various consultations over the summer, including on technical issues relating to the 2014/15 and 2015/16 local government finance settlements and pooling of a proportion of local authorities' New Homes Bonus to transfer into the Single Local Growth Fund.
8. Taken together this information suggests a further reduction in Revenue Support Grant of £10m over the medium term and an £8m reduction in specific grants. Added to this are other expenditure pressures (such as the increase in the numbers of elderly people needing adult social care) totalling £33m, and pressures from restricting council tax increases to below the levels in the MTFP (£13m). Overall the Council is faced with an additional £64m of new pressures/funding shortfall over and above those in the existing MTFP.

## **Directorate Business Strategies**

9. Delivery of the existing business strategies in 2013/14 is being reported through the Financial Monitoring & Business Strategy Delivery reports to Cabinet and through the quarterly Performance Dashboard reports to this Committee. Directorates are broadly in line to achieve the £43m planned savings for 2013/14, or are working to find alternatives where these are not achievable.
10. Directorates have been developing new business strategies for the period 2014/15 – 2017/18 to identify ways of addressing the budgetary pressures and funding shortfall outlined in paragraph 8. £50m of new directorate savings have been identified through this process. The new business strategies are attached at Annex 1 to this report. These strategies include

details of both the new pressures and savings and those already built into the existing MTFP so that the overall impact on each service area can be seen.

11. The new directorate savings, taken together with corporate savings totalling £14m (mainly from reducing the allowance in future years for inflation) balance the pressures and funding shortfall over the medium term. Details of all of the new pressures and savings are set out in Annex 2 and summarised in the table overleaf.

<b>Budget proposals</b>	<b>2014/15 £m</b>	<b>2015/16 £m</b>	<b>2016/17 £m</b>	<b>2017/18 £m</b>	<b>Total £m</b>
<b>New pressures</b>					
Children, Education & Families	0.0	0.0	0.4	0.3	0.7
Adult Social Care	10.0	-2.4	3.9	3.4	14.9
Fire & Rescue and Community Safety	0.8	0.0	0.7	0.0	1.5
Environment & Economy	3.2	0.7	1.3	-1.1	4.1
Chief Executive's Office	0.1	0.0	0.0	0.0	0.1
Public Health	0.0	0.0	0.0	0.0	0.0
Corporate	4.9	15.5	7.1	15.3	42.8
<b>Total new pressures</b>	<b>19.0</b>	<b>13.8</b>	<b>13.4</b>	<b>17.9</b>	<b>64.1</b>
<b>New savings</b>					
Children, Education & Families	0.2	-1.0	-2.8	-3.4	-7.0
Adult Social Care	-2.5	-11.8	-2.7	-5.0	-22.0
Fire & Rescue and Community Safety	-0.7	-0.4	-0.5	-0.5	-2.1
Environment & Economy	-1.4	-5.3	-2.4	-6.2	-15.3
Chief Executive's Office	-1.0	-0.2	-0.3	-0.1	-1.6
Public Health	0.0	0.0	-1.3	-1.2	-2.5
Corporate	-5.2	-2.5	-3.3	-3.2	-14.2
<b>Total new savings</b>	<b>-10.6</b>	<b>-21.2</b>	<b>-13.3</b>	<b>-19.6</b>	<b>-64.7</b>
<b>Net total</b>	<b>8.4</b>	<b>-7.4</b>	<b>0.1</b>	<b>-1.7</b>	<b>-0.6</b>

## **Equality and Inclusion Implications**

12. The Equality Act 2010 imposes a duty on local authorities that, when making decisions of a strategic nature, decision makers must exercise 'due regard to the need to eliminate unlawful discrimination... advance equality of opportunity... and foster good relations.' Oxfordshire's Equality Policy 2012-2017 sets out how the Council is approaching its responsibilities for ensuring that all residents in Oxfordshire have fair access to services and equal life chances.
13. Annex 3 sets out an overarching assessment of the broad impact of the budget proposals and initial service-level assessments for all significant changes to the budget. Where proposals require further development, policy decisions or consultation to enable the budget decision to be implemented

the impact assessment will be developed further and made available to decision makers.

## **Consultation**

14. A series of 'Talking Oxfordshire' public meetings took place across the county in October and November, together with on-line consultation, to seek residents' views on the tough financial decisions that the Council faces. A summary of the results of Talking Oxfordshire are included at Annex 4.
15. Further engagement is being sought through a telephone survey and members of the public will also be able to comment on the detailed budget proposals through the Council's website.

## **Member Involvement**

16. Performance Scrutiny is keen to ensure that all elected members have the opportunity to be involved in the Service and Resource Planning Process. It arranged for all directorates to hold briefing sessions for councillors between 25 November and 3 December.
17. The sessions, chaired by the Chairman of the Performance Scrutiny Committee gave members the opportunity to understand the proposed savings that are now presented to Performance Scrutiny Committee.
18. The sessions enabled councillors to understand the scale of the financial challenge faced by the council, and provided an opportunity to explore the broader context around the proposals as well as questioning Directors about the impact on the public and delivery issues. This approach was welcomed by councillors. Performance Scrutiny will take these discussions and issues into account in its consideration of the budget proposals, and in its feedback to Cabinet.
19. A note of the issues raised will be provided as Annex 5 to this report.

## **Next Steps**

20. The comments from this Committee on the revenue budget proposals will be fed back to the Cabinet for it to take into consideration in proposing its revenue budget and 2014/15 – 2017/18 MTFP on 28 January 2014.
21. As outlined at paragraph 3, this Committee is due to consider updated property and transport asset management plans and capital proposals at its meeting on 9 January 2014 and provide comments to the Cabinet to take into consideration in proposing the capital programme. The Treasury Management Strategy Statement and Annual Investment Strategy for 2014/15 will also be reported to this Committee at that time.

22. The provisional local government finance settlement is expected to be on or around 19 December 2013 and the final settlement in late January/early February 2014. The Council will meet to set the council tax requirement on 18 February 2014.

### **Financial and Legal Implications**

23. This report is mostly concerned with finance and the implications are set out in the main body of the report.

### **RECOMMENDATION**

24. **The Performance Scrutiny Committee is invited to consider and comment on the directorate business strategies and new pressures and savings proposals taking account of the service and community impact assessments. If any of the budget proposals are not supported, the Committee is asked to suggest alternative proposals.**

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